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STANDARD
BANKING
CORPORATION

September 19, 2005

Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

Dear Chairman Powell and Mr. Carter:

On behalf of Southern Community Bank, I am writing you to comment on the Wal-Mart Stores, Inc. application for a Utah industrial loan company charter (ILC) and federal deposit insurance. We, like many other community banks throughout this nation, oppose the application and urge the FDIC to deny it.

Approval of this application poses a conflict of interest created by mixing banking and commerce. Congress reaffirmed, through the Gramm-Leach-Bliley Act, that it is opposed to mixing banking and commerce. An approval for Wal-Mart to enter the banking arena would allow Wal-Mart to require suppliers to bank with Wal-Mart, and it is already well known that similar strong arm strategy is used by this huge corporation in dealing with its vendors on pricing now. If Wal-Mart is allowed into banking, is it going to offer credit without disfavor or bias to its competition in the market? We think not with the same objectivity that a commercial bank would.

Wal-Mart has a renowned reputation for running Mom-and-Pop stores and other low-margin businesses in local communities out of business. Its impact on banking would be no different. It would contribute to the demise of small community banks in particular just as its ubiquitous resources have put local grocery stores, pharmacies, and hardware stores out of business all across the country. Community banking is the cornerstone for many small communities and its loss if Wal-Mart is allowed to capitalize on its entry into banking might change the face of credit in these communities dramatically. Are we willing to chance that by letting the largest commercial establishment in the world into banking?

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Again, Wal-Mart is in the business of commerce, not banking. Wal-Mart currently controls a significant portion of the non-restaurant, non-automotive sales in the US. With the presence that Wal-Mart already has in the United States, the systemic risk of allowing them into banking would be enormous. We believe it would represent a dangerous and unprecedented concentration of economic power. We believe that all of the risks can't even be known now because further questions are raised by Wal Mart's failure to disclose the management, compensation, capitalization of the bank, financial projections, description of general management policies and more in its application for ILC status in Utah. This in itself appears to be an evasion of public disclosure through Wal-Mart's claim of confidentiality regarding this information. The FDIC has obviously realized these concerns in the past as it has prevented Wal-Mart from opening banking facilities in Oklahoma and California.

The entrance of Wal-Mart into the banking sector is troubling on many different fronts. For the reasons mentioned above, Wal-Mart's application to enter banking always should be rejected by the FDIC. The threat that this venture poses to community banking, as well as the further disconnect that it will create in the local communities where these banks serve, should be enough to decline this application. My hope is that the FDIC will hear the concerns of the community banks that will be impacted and make the right decision by not permitting Wal-Mart to conduct banking activities. The Walton's should have decided on commerce or banking at the start, and they did, in fact.

Sincerely,



Gary D. McGaha
President & CEO